Exhibit 11

Corporate Compliance Quarterly Report to Board of Directors 2Q08

August 8, 2008

Vice President, Corporate Compliance

Bert Weinstein

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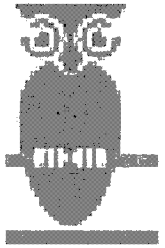
Agenda



- Purdue's CIA
  - Successful OIG Communications
  - IRO Review ongoing
  - Annual Report to OIG due 9/29
  - Audits and Monitoring
  - Reportable Events Committee Meeting 7/15
  - Corporate Compliance Council Meeting 7/22
- Implementation of Updated PhRMA Code
- Conflicts Of Interest Certifications and Review
- State Law Reporting
- Hotline and Other Inquiries and Investigations

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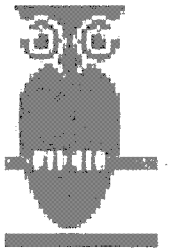
CIA Highlights



All transactions this quarter with OIG / Monitor Keshia Thompson have had successful results. Recap:

- CIA Implementation Report – approved by OIG 5/2
- OIG notice of exclusion of individuals - 3/31
  - But OIG approved consulting arrangement – 5/5
- OIG affirms Par not 'covered' in Rhodes arrangement -6/5

- Purdue is also in full compliance with its AG Agreements
  - Abuse & Diversion Detection (ADD) training - current
  - HCP letter process – current / monitored monthly via Sales

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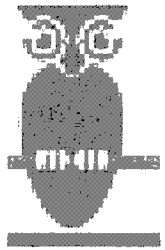
IRO Review



- Huron began its Transaction Review field work for the First Reporting Period (7/31/07-7/30/08) in Stamford - Monday 8/4
  - Will be validating databases and processes, and sampling Sales force-related inquiries handled by Medical Services (sample size: 75), and Promotion Monitoring – DM Field Contact Reports with ratings of 1 (sample size: 40)
  - The rationale for these reviews is OIG's overarching concern for off-label or other improper promotion in the pharmaceutical industry
- Corporate Compliance has prepared extensively with Huron, together with Sales, Medical Services, IT, Legal and others to assure no surprises and good results
- Huron will produce a report, initially in draft for our review, for inclusion in our Annual Report to OIG - due September 29th

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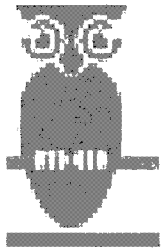
Audits



- Medical Services Audit – April 2008
  - 8 Findings – None Critical
    - All follow-up items completed and await verification
- Use of Materials by Field Sales – ongoing
  - Reviewing the procedures by which Materials are discontinued and how such decisions are communicated to Field Sales
  - Preliminary Findings include lack of some formalized systems:
    - Departmental training programs
    - Formal SOP review and approval in Admin Services
    - Lack of follow-up on expired Materials
  - No critical deficiencies have been identified

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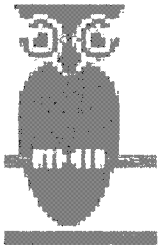
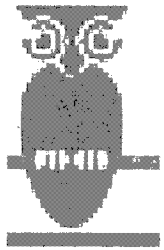
Monitoring



Focus Inquiry Monitoring (Medical Services Database)

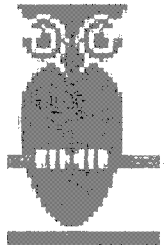
- 3169 Inquiries (all products) for 2Q08
  - 982 OxyContin Inquiries in total
  - 149 Field Sales Related OxyContin Inquiries
  - 57 "Focus Inquiries," i.e., falling into certain categories such as "abuse" and "withdrawal"
- One Suspect Inquiry
  - One inquiry card received for unapproved dosing/administration of OxyContin was not signed by the HCP or the representative
  - Follow-up with HCP determined no improper promotion occurred
    - Referral was made at a convention
  - Corrective Actions include
    - Updating training for sales reps working at conventions
    - Reviewing the form used for referrals to Medical Services
    - Reviewing the Inquiry with Medical Services to assure timely follow-up on incomplete Inquiries
  - No disciplinary actions required

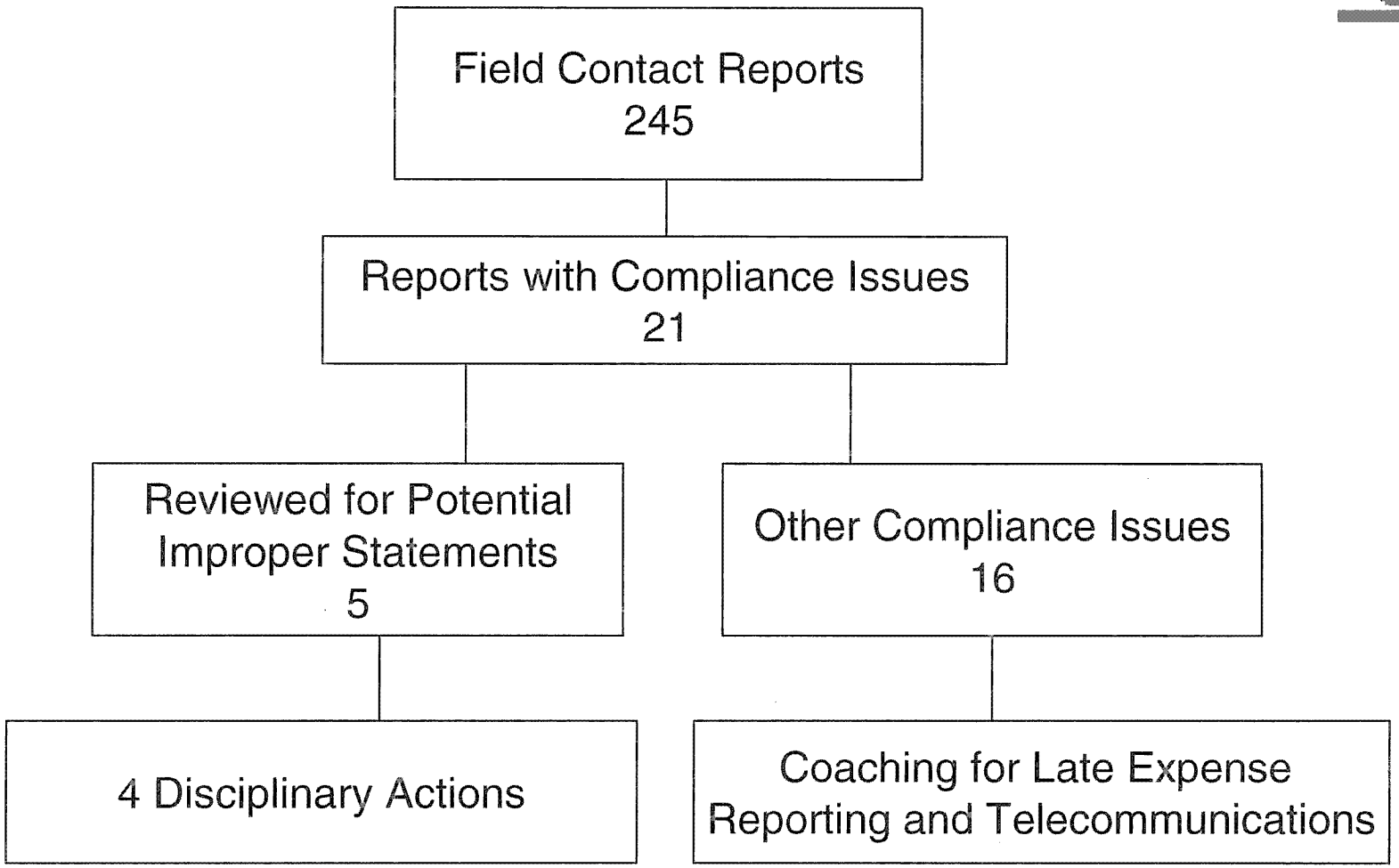
Monitoring



- Promotion Monitoring Program
  - 245 Field Contact Reports in 2Q08
    - 21 with rating of '1' in compliance
    - 5 reviewed for potential improper promotion
  - 4 Disciplinary actions taken for following matters
    - Providing services (repairing chairs) for HCP office that rep calls on
    - Distributing unapproved materials (pharmacy business cards) to HCP offices
    - Discussing Purdue R&D program with HCP during a meal
    - Emailing a pharmacy manager about stocking of product

CIA Field Contact Reports Monitored-Q2





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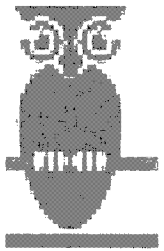
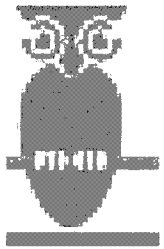
Reportable Events Committee



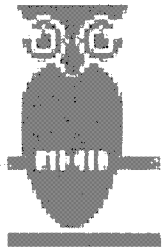
- "Reportable Events"
  - Under our CIA, Purdue must report to OIG any event that it has determined is a "probable violation" of Federal Health care programs or FDA requirements relating to labeling or promotion of products
- To formally make this determination we have constituted quarterly Reportable Events Committee
  - R Abrams, D Haddox, L Steiner, B Weinstein
  - At 7/15 meeting, reviewed 5 FDA/FHCP matters and new Discipline Database
  - Confirmed that none constituted a "Reportable Event"

Corporate Compliance Council



- Corporate Compliance Council
  - CIA-mandated quarterly meetings "to assist in analysis of compliance risk areas, and monitoring of audits and investigations"
  - Members: B. Weinstein (Chair), W. Fisher, R. Gasdia, D. Haddox, C. Landau, D. Long, E. Mahony, K. Schady, A. Santopolo, L. Steiner
  - 2Q meeting on 7/22 - reviewed CIA status and milestones, new training proposal, ongoing investigations, auditing and monitoring, hotline and other matters

PhRMA Code Revision



- Revised voluntary guidance document
  - Announced July 10, 2008 with January 2009 effective date
  - Endorsed by Purdue July 15, 2008
- Significant Revisions:
  - Gifts: distribution of items that do not advance disease or treatment education, even if of minimal value (e.g., no more "give-aways")
  - Meals: Sales representatives can provide in-office or in-hospital meals only and only in conjunction with informational presentation
  - Entertainment: Recreation and entertainment for HCPs prohibited
  - CME: separate CME grant-making functions from sales/marketing; develop objective criteria for grant-making decisions; follow ACCME guidelines
  - Prescriber Data: companies must take steps to ensure that non-patient identified prescriber data is used responsibly
  - Certification: companies must publicly state intention to abide by Code; annual certification by CEO and CCO required

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Conflicts of Interest Certification

- On April 23rd, rolled out Conflict of Interest Certification to employees
- Responses received from all 1,351 employees by May 12, 2008
- Any response indicating possible conflict of interest was followed up on by a member of the Corporate Compliance Department.
- In all instances, if an employee disclosed an actual or apparent conflict of interest, goal was to minimize or resolve the conflict, including but not limited to:
  - Disclosure to the individual's supervisor
    - Example: Employee involved in editing of journal article, book chapters, etc. for authors outside of Purdue
  - Disclosure to outside organization
    - Example: Sales representative with position on community free clinic board; membership permitted, but representative required to disclose Purdue affiliation
  - Provision of guidance/advice on how to handle interactions in a way that minimized conflict
    - Example: Sales representative calling on practice where his/her spouse is employed

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State Law Reporting Update

- 2008 Filings Completed
  - 6/1/08 – Nevada

    - Similar to California requirement in that must certify to having a compliance program that substantially is in accordance with the PhRMA Code
    - Manufacturers and wholesalers required to annually report:
      - The company's marketing code of conduct;
      - Description of its training program;
      - Description of its investigation policies (including how the annual audit will be conducted); and
      - Contact information for the compliance officer.
  - 7/1/08 - California, Maine, D.C.
- No compliance issues

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Hotline Calls and Other Inquiries 2Q08

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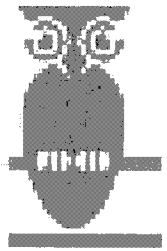
Ongoing Investigations



- Uniphyl batch process at Totowa - closed
  - Investigation of batch record manipulation; resulted in terminations
- OxyContin Packaging matter
  - Failure to follow sops; resulted in terminations
- Reps received outdated Package Inserts from warehouse
  - Working with Admin. Services and Marketing to identify "discontinued materials" for destruction
  - Working with recycling vendor to destroy discontinued materials

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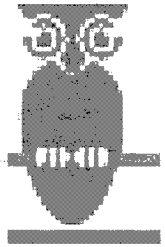
Hotline and Other Inquires - 2Q08



- Investigated 106 matters in 2Q08; 10 had compliance implications:

	Description	Action Taken
Compliance Training	Two instances of untimely completion of CIA-required training by relevant covered persons	Corrective action implemented
Sales	Possible inappropriate call note content regarding OTR	Investigation determined that it was not clear representative actions were inappropriate; coaching provided
	Sales representative providing potential benefit (gratis repair of office furniture) to prescribers	Retraining provided
	Book no longer approved for distribution provided to pharmacist	Memo to District members to clarify promotional status of item
	DM failure to review call notes	administrative probation for DM; required review of outstanding notes
	Provision of lattes during coffee hour in physician office	Representative directed to discontinue programs
	Failure to report adverse events	Representative retrained on reporting obligation
	Outdated package insert provided for distribution in field	Audit of warehouse materials ensued and CAPA to be implemented
GMP Violation	Alleged falsification of batch records	Investigated by Law Department; confirmed the allegations and terminated employment of two management-level employees from Totowa

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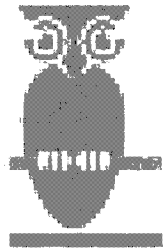
Examples of non-CIA Monitoring



- **Inappropriate Provision of Services to HCP – *Training***

  Sales Training personnel identified potential quid pro quo during training class. Representative with woodworking hobby had repaired chairs for a customer. Rep trained on possible kickback concerns and required to retake OWL modules and live training on compliance scenarios with DM.

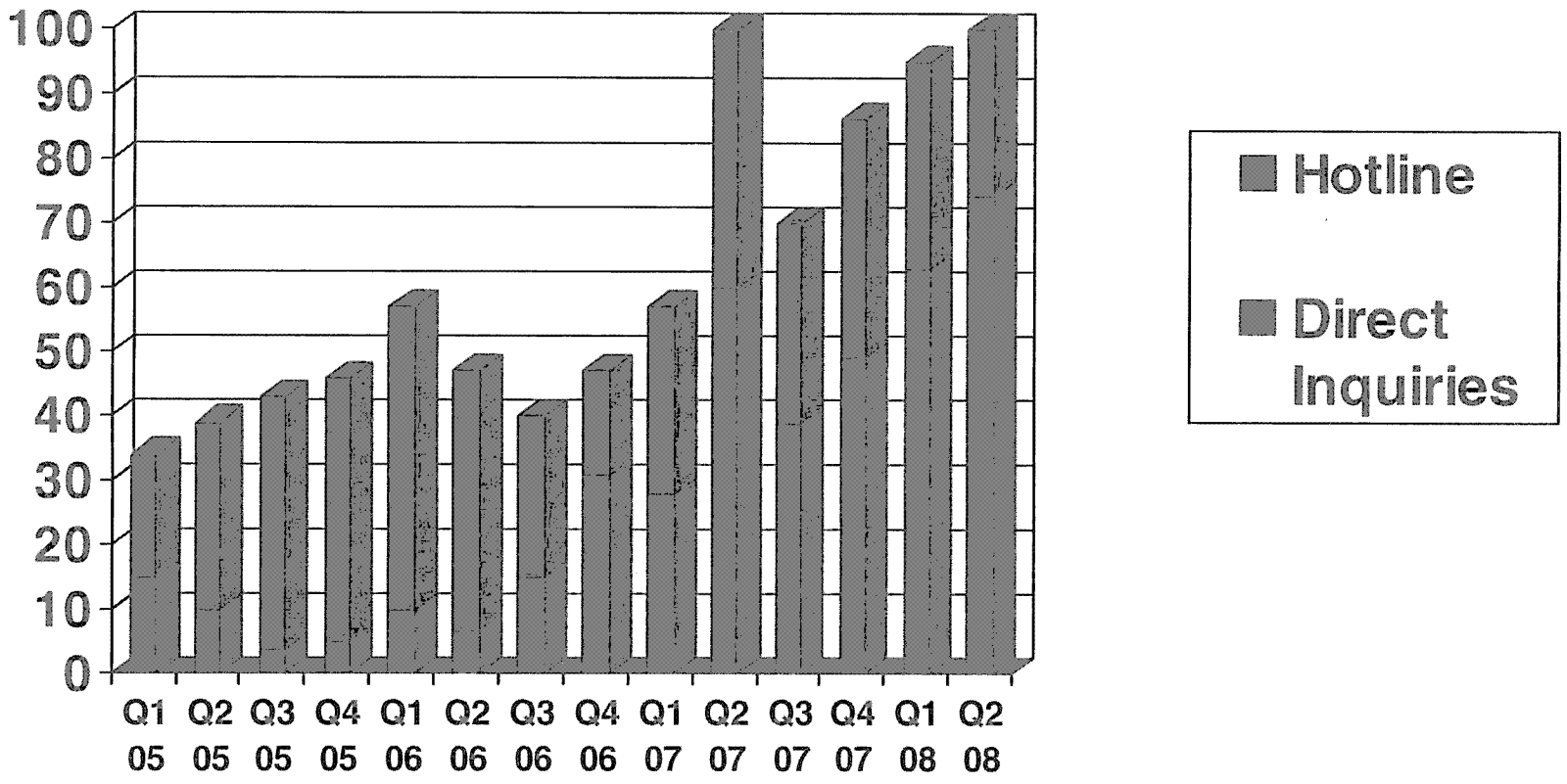
- **Alleged Falsification of Uniphyl Batch Records - *Termination***

  Office of the General Counsel investigated, confirmed allegations; terminated employment of two management-level employees from Totowa.

- **Shipment of Outdated Package Inserts – *Audit and CAPA***

  It was discovered that an outdated enlarged package insert was being provided for distribution in the field. This resulted in a audit of all materials in the warehouse with recommendations for disposition of outdated items.

Inquiries by Quarter (1Q05 – 2Q08)



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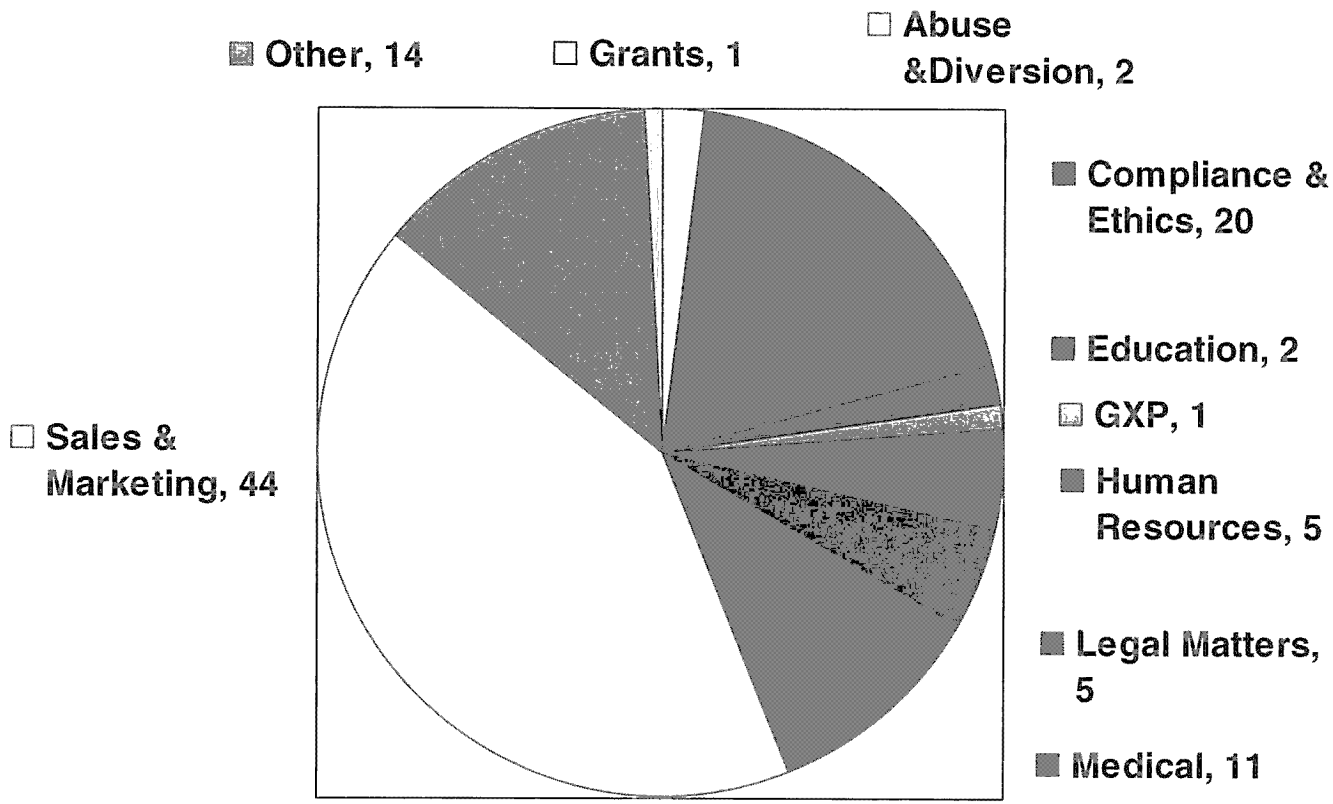
2Q08 Compliance Incidents



Inquiry Response Time

Days to Close Inquiries 2Q08 (as of 07/28/2008)